GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:640
ANSWERED ON:28.07.2006
WORLD BANK
Singh Deo Smt. Sangeeta Kumari;Thummar Shri Virjibhai

Will the Minister of FINANCE be pleased to state:

(a) whether the World Bank has held the Government responsible for lack of finance in the rural areas in the country;

(b) if so, the reaction of the Government in this regard;

(c) the action taken by the Government to increase the finance and investment in the rural areas; and

(d) the success achieved by the Government therefrom?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (PAWAN KUMAR BANSAL)

(a), (b), (c) & (d) : The World Bank in its analytical work on "Scaling up Access to Finance for India's Rural Poor" has brought into focus the need to promote access to finance in the rural areas. Some of the initiatives taken by the Government to increase availability of finance and investment in the rural areas are as follows:

(1) In the year 2005-06, the Banks have increased the credit to Agriculture and Allied sectors to Rs.1,67,775 crores as against the credit of Rs.1,25,309 crores in 2004-05.

(2) All crop loans for Kharif and Rabi disbursed to farmers during the financial year 2005-06 will be eligible for the interest relief of two percentage points. However, where each crop loan exceeds Rupees One lakh, the interest relief will be applicable on the principal amount upto Rupees One lakh only.

(3) A target to credit link 3.85 lakhs Self Help Groups has been fixed for the year 2006-07. A window to access External Commercial Borrowings (ECBs) to micro-finance activities has also been opened.

Efforts of the Government to enhance availability of finance and investment will lead to an improved infrastructure and increased economic activity in the rural areas.